

OUTGOING
AIRGRAM

Department of State

UNCLASSIFIED
Classification

NO. A-36

Nov 14 9 03 PM '61

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RMR-7

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AID-20

SENT TO: Amembassy, DJAKARTA

Page 1 of 1 PagesX

611.984/11-261

The Department has received the Embassy's despatch No. 287 of November 2, 1961 transmitting the documents constituting the agricultural commodities agreement of October 26, 1961.

Com-6

Ag-20

XMB-8

TR-5

Since the Embassy certified as one document a copy of the agreement and a copy of each of U. S. notes Nos. 301 and 311, which is not satisfactory for the Department's purposes, the Embassy is requested to prepare another copy of each of the notes 301 and 311 and to attach to each note a certificate prepared in accordance with the instructions contained in 4 FSM 326.3. When the notes are appropriately prepared, please transmit them immediately to the Department under cover of despatch marked for the attention of the Assistant Legal Adviser for Treaty Affairs.

Dist.
Desired
(Office
Only)

611.984/11.261

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UNCLASSIFIED
Classification

Dispatched by: [Signature]
L-1/T-3/Espe:resc 11-14-61

Airgram transmission and
classification approved by: [Signature]

Charles I. Bevans

S/S-CR

NOV 14 1961

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Authority NND 949570
By [Signature] NARA Date 8/4/00

AIR POUCH
PRIORITY

UNCLASSIFIED
(Security Classification)

DO NOT TYPE IN THIS SPACE

FOREIGN SERVICE DESPATCH

611.984/11.261

FROM : Amembassy DJAKARTA

287
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

November 2, 1961
DATE

REF :

NOV 2 1961

For Dept. Use Only	ACTION	DEPT.
	REC'D	IN F OTHER
	L-2 *	RM/R-2 REP-1 FE-4 AID-11
	11-7	COM-10 AGR-12 XMB-4 TR-3

SUBJECT: Transmittal of Agricultural Commodities Agreement

Transmitted for the attention of the Assistant ~~for~~ Legal Adviser in Charge of Treaty Affairs are the following documents:

Enclosure No. 1. The original Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia under Title I of the Agricultural Trade Development and Assistance Act, as Amended, which was signed on October 26, 1961, for \$6.7 million. This Agreement finances the purchase of rice and partial payment of the ocean transportation. The American Ambassador signed for the Government of the United States of America and the Secretary General of the Department of Foreign Affairs, Mr. R. Suwito Kusumowidagdo, signed for the Government of Indonesia. Enclosure No. 1 also includes the original of Note No. 1221/61/06 dated October 26, 1961, signed by Mr. R. Suwito Kusumowidagdo, Secretary General of the Department of Foreign Affairs, and the original of Note No. 1223/61/06, also signed by Mr. Suwito.

Enclosure No. 2. Certified copies of the Agricultural Commodities Agreement between the Government of Indonesia and the Government of the United States of America under Title I of the Agricultural Trade Development and Assistance Act, as Amended, as well as certified copies of the American Ambassador's Notes No. 301 and No. 311, both dated October 26, 1961, and signed by Howard P. Jones.

FOR THE AMBASSADOR:

LEGAL ADVISER

Assign to Embassy
11/4/61

DEPARTMENT OF STATE

Jack W. Lydman
Counselor of Embassy
for Economic Affairs

NOV 10 11 52 AM '61

Encls: 2 (see above)

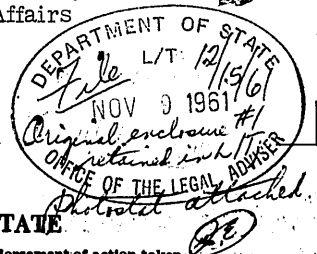
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REPORTER

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ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.



611.984/11-261

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Authority NND 949570
By CP NARA Date 8/4/00

AGRICULTURAL COMMODITIES AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF INDONESIA
UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,
AS AMENDED

The Government of the United States of America and the Government
of Indonesia;

Recognizing the desirability of expanding trade in agricultural
commodities between their two countries and with other friendly nations
in a manner which would not displace usual marketings of the United States
of America in these commodities or unduly disrupt world prices of
agricultural commodities or normal patterns of commercial trade with
friendly countries;

Considering that the purchase for rupiah of agricultural commodities
produced in the United States of America will assist in achieving such an
expansion of trade;

Considering that the rupiah accruing from such purchase will be
utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales,
as specified below, of agricultural commodities to Indonesia pursuant to
Title I of the Agricultural Trade Development and Assistance Act as
amended (hereinafter referred to as the Act), and the measures which
the two Governments will take individually and collectively in furthering
the expansion of trade in such commodities;

Have agreed as follows:

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By CO NARA Date 8/4/00

ARTICLE I
SALES FOR INDONESIAN RUPIAH

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Indonesia of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for rupiah, to purchasers authorized by the Government of Indonesia, of the following agricultural commodities in the amounts indicated:

<u>Commodity</u>	<u>Export Market Value</u>
Rice	\$ 5,800,000
Ocean Transportation (estimated)	900,000
Total	\$ 6,700,000

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupiah accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

4. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government

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Authority NND 949570
By GD NARA Date 8/4/00

determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

ARTICLE II
USES OF INDONESIAN RUPIAH

The rupiah accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown:

- A. For United States expenditures under subsections (a), (b), (f) and (h) through (r) of Section 104 of the Act, or under any of such subsections, twenty percent of the rupiah accruing pursuant to this Agreement.
- B. For loans to be made by the Export-Import Bank of Washington under Section 104(e) of the Act and for administrative expenses of the Export-Import Bank of Washington in Indonesia incident thereto, five percent of the rupiah accruing pursuant to this Agreement.
- C. For a loan to the Government of Indonesia under Section 104(g) of the Act for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Indonesia, as may be mutually agreed, seventy-five percent of the rupiah accruing pursuant to this

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Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the rupiah for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the rupiah for any purposes authorized by Section 104 of the Act.

ARTICLE III
DEPOSIT OF INDONESIAN RUPIAH

1. The amount of rupiah to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into rupiah, as follows:

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Indonesia, or
- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of Indonesia.

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By CP NARA Date 8/4/00

In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of rupiah which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

ARTICLE IV
GENERAL UNDERTAKINGS

The Government of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability for export from Indonesia of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

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By GP NARA Date 8/4/00

In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

The Government of Indonesia agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrival and condition of commodities and information relating to exports of the same or like commodities.

ARTICLE V
CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

ARTICLE VI
ENTRY INTO FORCE

The Agreement shall enter into force upon signature.

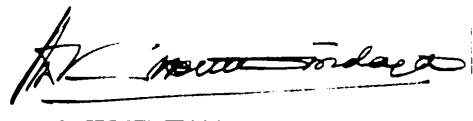
IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

Done at Djakarta this 26th day of October, 1961.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF
INDONESIA:



10 1221/61/06

Djakarta, October 26, 1961.

Excellency:

With reference to the Agricultural Commodities Agreement signed today between representatives of our two Governments, under which the Government of the United States of America undertakes to finance the delivery to Indonesia of \$6,700,000 of rice, I have the honor to inform you of the following:

(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, my Government agrees that during the calendar year 1961 it will procure and import with its own foreign exchange resources from the United States of America and countries friendly to it at least 650,000 metric tons of rice in addition to the rice to be imported under the terms of the cited Agreement.

(2) With regard to the conversion of rupiah into other currencies and to certain other matters relating to the use by the Government of the United States of America of Indonesian rupiah accruing under the subject Agreement it is understood that:

(a) Upon

His Excellency

Howard P. Jones,

Ambassador Extraordinary and Plenipotentiary

of the United States of America,

Djakarta.

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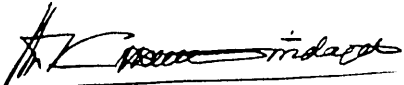
DECLASSIFIED
Authority NND 949570
By CP NARA Date 8/4/00

(a) Upon request of the Government of the United States of America, the Government of Indonesia will provide facilities for conversion of two percent of the rupiah accruing from sales under this Agreement into other currencies for purposes of Section 104(a) of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act). These currencies will be used in the case of Section 104(a) to finance agricultural market development activities in other countries.

(3) With respect to paragraph 2 of Article II of the Agreement, loans to be made under that portion of Section 104(e) of the Act will be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958, No. 78.

I shall appreciate receiving your Excellency's confirmation of the above understandings.

Accept, Excellency, the renewed assurances of my highest consideration.


R. Suwito Kusumowidagdo
Secretary General
Department of Foreign Affairs

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Authority NND 949570
By CP NARA Date 8/4/00

No. 1223/61/66

Djakarta, October 26, 1961.

Excellency:

I have the honour to acknowledge receipt of Your Excellency's Note No. 301 of today's date, which reads as follows:

"I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia signed today, and in particular to Article III concerning the applicable rate of exchange for the deposit of rupiah equivalent to (1) the dollar sales value of the commodities purchased under the Agreement and (2) ocean transportation costs financed by the Government of the United States of America.

"I wish to confirm my Government's understanding of the agreement reached in conversations between representatives of our Governments, which understanding is as follows:

"1. Pursuant to the provisions of subparagraph 1(b) of Article III of the said Agreement, as long as there is no change in the present exchange system of Indonesia, the Class A, Subcategory II, import rate, at present 56.25 rupiah per dollar, is applicable to deposits relating to dollar disbursements made pursuant to Article III of the Agreement.

"2. In the

His Excellency

Howard P. Jones,

Ambassador Extraordinary and Plenipotentiary

of the United States of America,

Djakarta.

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Authority NND 949570
By GP NARA Date 8/4/00

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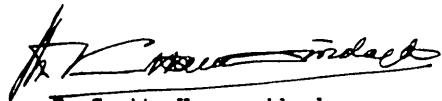
"2. In the event of a change in the exchange system of Indonesia, including a change in the prior component system before the dollar disbursements referred to in Article III are completed, a new exchange rate for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

"I shall appreciate receiving Your Excellency's confirmation of the above understanding.

"Accept, Excellency, the renewed assurance of my highest consideration."

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.



R. Suwito Kusumowidagdo
Secretary General
Department of Foreign Affairs

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Authority NND 949570
By GP NARA Date 8/4/00

The Following Pages Are the Best Available

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Authority NND 949570
By GP NARA Date 8/4/00

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

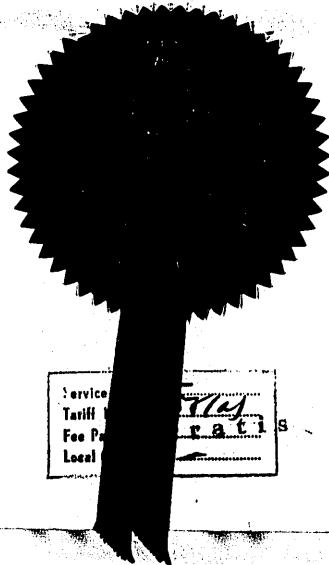
REPUBLIC OF INDONESIA)
ISLAND OF JAVA)
CITY OF DJAKARTA) SS:
EMBASSY OF THE UNITED STATES)
OF AMERICA)

I, Jacob Walkin, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified do hereby certify that the annexed Agricultural Commodities Agreement between the Government of Indonesia and the Government of the United States of America and Notes Nos. 301 and 311, dated October 26, 1961, from the Ambassador of the United States of America to the Secretary General of the Department of Foreign Affairs of the Republic of Indonesia, are true and correct copies of the originals, the same having been carefully examined by me and found to agree word for word and figure for figure with the said originals.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this 31st day of October, 1961.

Jacob Walkin

Jacob Walkin
Consul of the United States of America
at Djakarta, Java, Indonesia.



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Authority NND 949570
By CP NARA Date 8/4/00

AGRICULTURAL COMMODITIES AGREEMENT
BETWEEN THE GOVERNMENT OF INDONESIA
AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA
UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,
AS AMENDED

The Government of Indonesia and the Government of the United States
of America;

Recognizing the desirability of expanding trade in agricultural
commodities between their two countries and with other friendly nations
in a manner which would not displace usual marketings of the United States
of America in these commodities or unduly disrupt world prices of
agricultural commodities or normal patterns of commercial trade with
friendly countries;

Considering that the purchase for rupiah of agricultural commodities
produced in the United States of America will assist in achieving such an
expansion of trade;

Considering that the rupiah accruing from such purchase will be
utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales,
as specified below, of agricultural commodities to Indonesia pursuant to
Title I of the Agricultural Trade Development and Assistance Act as
amended (hereinafter referred to as the Act), and the measures which the
two Governments will take individually and collectively in furthering the
expansion of trade in such commodities;

Have agreed as follows:

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By CD NARA Date 8/4/00

ARTICLE I
SALES FOR INDONESIAN RUPIAH

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Indonesia of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for rupiah, to purchasers authorized by the Government of Indonesia, of the following agricultural commodities in the amounts indicated:

<u>Commodity</u>	<u>Export Market Value</u>
Rice	\$ 5,800,000
Ocean Transportation (estimated)	900,000
Total	<u>\$ 6,700,000</u>

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupiah accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

4. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government

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By CD NARA Date 8/4/00

determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

ARTICLE II
USES OF INDONESIAN RUPIAH

The rupiah accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown:

- A. For United States expenditures under subsections (a), (b), (f) and (h) through (r) of Section 104 of the Act, or under any of such subsections, twenty percent of the rupiah accruing pursuant to this Agreement.
- B. For loans to be made by the Export-Import Bank of Washington under Section 104(e) of the Act and for administrative expenses of the Export-Import Bank of Washington in Indonesia incident thereto, five percent of the rupiah accruing pursuant to this Agreement.
- C. For a loan to the Government of Indonesia under Section 104(g) of the Act for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Indonesia, as may be mutually agreed, seventy-five percent of the rupiah accruing pursuant to this

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By CP NARA Date 8/4/00

Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the rupiah for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the rupiah for any purposes authorized by Section 104 of the Act.

ARTICLE III
DEPOSIT OF INDONESIAN RUPIAH

1. The amount of rupiah to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into rupiah, as follows:

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Indonesia, or
- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of Indonesia and the Government of the United States of America.

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By GP NARA Date 8/4/00

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of rupiah which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

ARTICLE IV **GENERAL UNDERTAKINGS**

The Government of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability for export from Indonesia of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

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By CP NARA Date 8/4/00

In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

The Government of Indonesia agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrival and condition of commodities and information relating to exports of the same or like commodities.

ARTICLE V
CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

ARTICLE VI
ENTRY INTO FORCE

The Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

Done at Djakarta this 26th day of October, 1961.

FOR THE GOVERNMENT OF
INDONESIA:

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

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DECLASSIFIED
Authority NND 949570
By CD NARA Date 8/4/00

Djakarta, October 26, 1961.

No. 301

Excellency:

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia signed today, and in particular to Article III concerning the applicable rate of exchange for the deposit of rupiah equivalent to (1) the dollar sales value of the commodities purchased under the Agreement and (2) ocean transportation costs financed by the Government of the United States of America.

I wish to confirm my Government's understanding of the agreement reached in conversations between representatives of our Governments, which understanding is as follows:

1. Pursuant to the provisions of subparagraph 1(b) of Article III of the said Agreement, as long as there is no change in the present exchange system of Indonesia, the Class A, Subcategory II, import rate, at present 56.25 rupiah per dollar, is applicable to deposits relating to dollar disbursements made pursuant to Article III of the Agreement.
2. In the event of a change in the exchange system of Indonesia, including a change in the price component system before the dollar disbursements referred to in

Article III

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

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Authority AND 949570
By GP NARA Date 8/4/00

- 2 -

Article III are completed, a new exchange rate for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

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Authority NND 949570
By CD NARA Date 8/4/00

Djakarta, October 26, 1961.

No. 311

Excellency:

I have the honor to acknowledge receipt of Your Excellency's Note No. 121/61/06 of today's date, which reads as follows:

"With reference to the Agricultural Commodities Agreement signed today between representatives of our two Governments, under which the Government of the United States of America undertakes to finance the delivery to Indonesia of \$6,700,000 of rice, I have the honor to inform you of the following:

"(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, my Government agrees that during the calendar year 1961 it will procure and import with its own foreign exchange resources from the United States of America and countries friendly to it at least 650,000 metric tons of rice in addition to the rice to be imported under the terms of the cited Agreement.

"(2) With regard to the conversion of rupiah into other currencies and to certain other matters relating to the use by the Government

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

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Authority NND 949570
By CP NARA Date 8/4/00

the Government of the United States of America of Indonesian rupiah accruing under the subject Agreement it is understood that:

"(a) Upon request of the Government of the United States of America, the Government of Indonesia will provide facilities for conversion of two percent of the rupiah accruing from sales under the Agreement into other currencies for purposes of Section 104(a) of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act). These currencies will be used in the case of Section 104(a) to finance agricultural market development activities in other countries.

"(3) With respect to paragraph 2 of Article II of the Agreement, loans to be made under that portion of Section 104(e) of the Act will be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958, No. 78.

"I shall appreciate receiving Your Excellency's confirmation of the above understandings.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honor to confirm that the above understandings are correct.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

Latin
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Local

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Authority NND 949570
By GP NARA Date 8/4/00

<p>PRIORITY</p> <p>UNCLASSIFIED (Security Classification)</p> <p>FOREIGN SERVICE DESPATCH</p>		<p>DO NOT TYPE IN THIS SPACE</p> <p>611.984/11-29-61</p>	
FROM :	Amembassy DJAKARTA	DESP. NO.	350
TO :	THE DEPARTMENT OF STATE, WASHINGTON.	DATE	November 29, 1961
REF :	Embassy despatch 287; A-36	DATE	DEC 4 1961
		L Rm RUP FE RID Crm AGR Xmb	
67 For Dept. Use Only	ACTION L-2*	DEPT IN OTHER	<p>Amr. v Rep-1 FE-4 RID-11</p> <p>12/8 Com-12 AGR-8 TR-3 Xmb-4</p>
SUBJECT: Transmittal of Notes No. 301 and No. 311 dated October 26, 1961			

Transmitted herewith for the attention of the Assistant Legal Adviser for Treaty Affairs are the following documents:

1. Certified copy of Note No. 301, dated October 26, 1961, addressed to His Excellency R. Suwito Kusumowidagdo, Secretary General, Department of Foreign Affairs, and signed by Howard P. Jones, Ambassador Extraordinary and Plenipotentiary.
2. Certified copy of Note No. 311, dated October 26, 1961, addressed to His Excellency R. Suwito Kusumowidagdo, Secretary General, Department of Foreign Affairs, and signed by Howard P. Jones, Ambassador Extraordinary and Plenipotentiary.

These Notes have been certified as single documents in accordance with your request.

For the Ambassador:

Jack W. Lydman
Counselor of Embassy
for Economic Affairs

- Encs: 1. Certified copy of Note No. 301
2. Certified copy of Note No. 311

AGRIC:GOWinberg:vf

REPORTER

UNCLASSIFIED

ACTION COPY - DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

LEGAL ADVISER
DEC 13 1961
DEPARTMENT OF STATE

DECLASSIFIED

Authority NND 949570
By NARA Date 8/4/00

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA)
ISLAND OF JAVA)
CITY OF DJAKARTA) SS:
EMBASSY OF THE UNITED STATES)
OF AMERICA)

I, Jacob Walkin, Consul of the United States of America
at Djakarta, Java, Indonesia, duly commissioned and qualified,
do hereby certify that the annexed note no.301, dated October 26,
1961, from the Ambassador of the United States of America to
the Secretary General of the Department of Foreign Affairs of
the Republic of Indonesia, is a true and correct copy of the
original, the same having been carefully examined by me and found
to agree word for word and figure for figure with the said
original.

IN WITNESS WHEREOF I have hereunto set my hand and caused
the seal of the Embassy of the United States of America at
Djakarta, Java, Indonesia, to be affixed this twenty-ninth day
of November, 1961.

Jacob Walkin
Jacob Walkin
Consul of the United States of America
at Djakarta, Java, Indonesia.

Service
Tariff
Fee
Local
Gratis

0 0 3 6 5

DECLASSIFIED
Authority NND 949570
By CP NARA Date 8/4/00

Djakarta, October 26, 1961.

No. 301

Excellency:

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia signed today, and in particular to Article III concerning the applicable rate of exchange for the deposit of rupiah equivalent to (1) the dollar sales value of the commodities purchased under the Agreement and (2) ocean transportation costs financed by the Government of the United States of America.

I wish to confirm my Government's understanding of the agreement reached in conversations between representatives of our Governments, which understanding is as follows:

1. Pursuant to the provisions of subparagraph 1(b) of Article III of the said Agreement, as long as there is no change in the present exchange system of Indonesia, the Class A, Subcategory II, import rate, at present 56.25 rupiah per dollar, is applicable to deposits relating to dollar disbursements made pursuant to Article III of the Agreement.
2. In the event of a change in the exchange system of Indonesia, including a change in the price component system before the dollar disbursements referred to in Article III

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

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Authority NND 949570
By GP NARA Date 8/4/00

- 2 -

Article III are completed, a new exchange rate for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

0 0 3 6 7

DECLASSIFIED
Authority NND 949570
By GP NARA Date 8/4/00

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA)
ISLAND OF JAVA)
CITY OF DJAKARTA) SS:
EMBASSY OF THE UNITED STATES)
OF AMERICA)

I, Jacob Walkin, Consul of the United States of America
at Djakarta, Java, Indonesia, duly commissioned and qualified
do hereby certify that the annexed note no.311, dated October 26,
1961, from the Ambassador of the United States of America to
the Secretary General of the Department of Foreign Affairs of
the Republic of Indonesia, is a true and correct copy of the
original, the same having been carefully examined by me and found
to agree word for word and figure for figure with the said
original.

IN WITNESS WHEREOF I have hereunto set my hand and caused
the seal of the Embassy of the United States of America at
Djakarta, Java, Indonesia, to be affixed this twenty-ninth day
of November, 1961.

Jacob Walkin
Jacob Walkin
Consul of the United States of America
at Djakarta, Java, Indonesia.



Gratis

0 0 3 6 8

DECLASSIFIED
Authority *NND 949570*
By *CA* NARA Date *8/4/00*

Djakarta, October 26, 1961.

No. 311

Excellency:

I have the honor to acknowledge receipt of Your Excellency's Note No. 1221/6/66 of today's date, which reads as follows:

"With reference to the Agricultural Commodities Agreement signed today between representatives of our two Governments, under which the Government of the United States of America undertakes to finance the delivery to Indonesia of 36,700,000 of rice, I have the honor to inform you of the following:

"(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, my Government agrees that during the calendar year 1961 it will procure and import with its own foreign exchange resources from the United States of America and countries friendly to it at least 650,000 metric tons of rice in addition to the rice to be imported under the terms of the cited Agreement.

"(2) With regard to the conversion of rupiah into other currencies and to certain other matters relating to the use by
the Government

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

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Authority NND 949570
By GP NARA Date 8/4/00

the Government of the United States of America of Indonesian rupiah accruing under the subject Agreement it is understood that:

"(a) Upon request of the Government of the United States of America, the Government of Indonesia will provide facilities for conversion of two percent of the rupiah accruing from sales under this Agreement into other currencies for purposes of Section 104(a) of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act). These currencies will be used in the case of Section 104(a) to finance agricultural market development activities in other countries.

"(3) With respect to paragraph 2 of Article II of the Agreement, loans to be made under that portion of Section 104(a) of the Act will be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958, No. 78.

"I shall appreciate receiving Your Excellency's confirmation of the above understandings.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honor to confirm that the above understandings are correct.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

INCOMING

RM/R COPY DEPARTMENT OF STATE

CABLEGRAM

a copy must be returned to the RM/R document files

SECURITY CLASSIFICATION
SECRET

42-48

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FE

FROM: DJAKARTA

NO.: TOAID 1320, JUNE 12, 2 PM

PRIORITY

CONTROL: 8161

REC'D: JUNE 12, 1962
3:31 AM

DISTRIBUTION

ACTION

INFO.

JOINT EMBASSY/AID MESSAGE

AIDTO 1059 - 11

EMBASSY/AID CONCUR PROPOSED TEXTUAL AMENDMENT AND IN MANNER TRANSMITTAL. WHILE EARLY AS POSSIBLE TRANSMITTAL WOULD HAVE OPTIMUM POLITICAL IMPACT HERE, RECOGNIXZE THIS MIGHT CREATE PROBLEMS. THEREFORE, SINCE RESUMPTION OF WNG TALKS SEEMS LIKELY OCCUR NEAR FUTURE IF AT ALL, PRESUMABLY ACCOMPANIED BY REDUCTION IN OVERT MILITARY CLASHES, SUGGEST THAT TRANSMITTAL BE TIMED WITH THIS IN MIND. EMBASSY WILL BE PREPARED TRANSMIT PROMPTLY UPON RECEIPT SANITIZED VERSION.

JONES

SJR

OTHER AGENCY

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SECURITY CLASSIFICATION

SECRET

AID-5-36 (5-60)

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PRINTED 3-62

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Djakarta TOAID-1320

611,984/6-1262

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Authority NND 949570
By CP NARA Date 8/4/00

10

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PEACE CORPS

RNX

Washington 25, D. C.

AUG 17 1962

MEMORANDUM FOR: The Honorable W. Averell Harriman
Assistant Secretary of State for Far Eastern Affairs
Department of State

FROM: Warren W. Wiggins
Acting Director *W. Wiggins*

SUBJECT: Circular 175: Request for Authority to Negotiate
and Sign A Peace Corps Agreement with the Government
of the Republic of Indonesia

Discussion

From time to time our Ambassador at Djakarta has raised with the Government of Indonesia the possibility of a Peace Corps program in that country. In recent telegrams the possibility has arisen that the Indonesians will invite the Director of the Peace Corps, who is now in the Far East, to visit Indonesia. Against the possibility that such a request will be forthcoming and that preparations will have to be made for the Director to visit Indonesia under a very tight time schedule, authority is requested to enable the Ambassador and the Director of the Peace Corps to negotiate and sign an agreement with the Government of Indonesia to be effected by an exchange of notes.

611.984/8-1762

The text of the agreement whose negotiation and signature you are hereby requested to authorize is a standard text and is similar to the text of Peace Corps agreements signed by the Governments of Malaya, Thailand and the Philippines.

On August 5, 1961, the Acting Secretary of State authorized the Assistant Secretary of State for each geographic bureau, or his deputy, subject to the concurrence of L and the Peace Corps, to approve the negotiation and signature of diplomatic-level Peace Corps agreements not involving substantial departure from the original standard Peace Corps agreement. The text whose approval is requested does not involve substantial change from the original standard Peace Corps agreement.

FILED

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8-24-62

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A-23
TO Djakarta
8/23/62

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Authority NND 949570
By GPO NARA Date 8/4/00

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-2-

Recommendation

That, by approving the attached airgram you authorize the Ambassador or Charge at Djakarta and the Director of the Peace Corps to negotiate an agreement with the Government of the Republic of Indonesia on the basis of the text of the note set forth therein and to sign and deliver that note if no changes are made therein in the course of negotiations.

Concurrence:
L/E: John Rehm K.E. Mahabary for
L/L/T: SENilsen SEN.

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Authority NND 949570
By CP NARA Date 8/4/00

MEMORANDUM FOR THE SECRETARY

AUG 17 1961

PL. NY to LIT
LIT 5430

L
RMR

SUBJECT: Circular 175. Proposed Peace Corps Agreement with Indonesia

The Peace Corps is requesting Department Circular 175 authorization from the Assistant Secretary for Far Eastern Affairs for the negotiation and signature of a Peace Corps agreement to be effected by an exchange of notes with Indonesia. The proposed agreement is the same as those recently submitted for negotiation and, in some cases, concluded in the several developing areas.

The proposed agreement is the regular revised version of a standard Peace Corps text previously approved by all the geographic bureaus. In August 5, 1961, pursuant to Department Circular 175, the Under Secretary of State for Economic Affairs (Acting Secretary) authorized each Assistant Secretary to approve the negotiation and signature, in his respective area, of Peace Corps country agreements on the basis of a standard text, so long as no substantive departures were made from that text. An examination of the text of the presently proposed agreement reveals no such substantive departures. A brief summary of the significant provisions of the proposed agreement follows:

Paragraph number 1 relates to certain basic undertakings of the United States. Undertakings to furnish volunteers and to provide their training are qualified by the necessity for United States approval in each case of requests for volunteers by the host government.

Paragraph number 2 relates to certain basic undertakings by the host government with respect to volunteers. Volunteers are to receive equitable treatment, not less favorable than that accorded generally to United States nationals residing in the country. In addition, outside income and living expenses of volunteers are to be exempt from local taxes, and personal property may be brought into the country customs free upon first arrival.

Paragraph number 3 relates to Peace Corps equipment and supplies. The United States is to equip volunteers. The host government will not impose taxes or duties on equipment or supplies introduced by the United States, or any contractor financed by the United States, for use under the agreement.

Paragraph number 4

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By GPO NARA Date 8/4/00

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Authority UNID 949570
By CP NARA Date 8/4/00

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AUG 17 1962

MEMORANDUM FOR: The Honorable W. Averell Harriman
Assistant Secretary of State for Far Eastern Affairs
Department of State

FROM: Warren W. Wiggins
Acting Director

SUBJECT: Circular 175: Request for Authority to Negotiate
and Sign A Peace Corps Agreement with the Government
of the Republic of Indonesia

Discussion

From time to time our Ambassador at Djakarta has raised with the Government of Indonesia the possibility of a Peace Corps program in that country. In recent telegrams the possibility has arisen that the Indonesians will invite the Director of the Peace Corps, who is now in the Far East, to visit Indonesia. Against the possibility that such a request will be forthcoming and that preparations will have to be made for the Director to visit Indonesia under a very tight time schedule, authority is requested to enable the Ambassador and the Director of the Peace Corps to negotiate and sign an agreement with the Government of Indonesia to be effected by an exchange of notes.

The text of the agreement whose negotiation and signature you are hereby requested to authorize is a standard text and is similar to the text of Peace Corps agreements signed by the Governments of Malaya, Thailand and the Philippines.

On August 5, 1961, the Acting Secretary of State authorized the Assistant Secretary of State for each geographic bureau, or his deputy, subject to the concurrence of L and the Peace Corps, to approve the negotiation and signature of diplomatic-level Peace Corps agreements not involving substantial departure from the original standard Peace Corps agreement. The text whose approval is requested does not involve substantial change from the original standard Peace Corps agreement.

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By GPO NARA Date 8/4/00

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-2-

Recommendation

That, by approving the attached airgram you authorize the Ambassador or Charge at Djakarta and the Director of the Peace Corps to negotiate an agreement with the Government of the Republic of Indonesia on the basis of the text of the note set forth therein and to sign and deliver that note if no changes are made therein in the course of negotiations.

Concurrence:

L/E:John Rehm _____

cc:
PDO
PDO/FE
State:L
State:FE

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Authority NND 949570
By GD NARA Date 8/4/00

ORIGIN/ACTION			DEPARTMENT OF STATE		FOR RM USE ONLY	
PC-13			81 AIRGRAM			
RM/R	REP	AF	A-23,		LIMITED OFFICIAL USE	
1			NO.		HANDLING INDICATOR	
ARA	EUR	FE	TO : AMEMBASSY DJAKARTA			
NEA	CU	INR				
E	P	IO				
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2		11				
AGR	COM	FRB	FROM : Peace Corps/State Department		DATE: Aug 23 10 13 AM '62	
INT	LAB	TAR	SUBJECT : Authorization to Negotiate Peace Corps Program Agreement with Indonesia			
TR	XMB	AIR	REF :			
ARMY	CIA	NAVY				
OSD	USIA	NSA				

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The Ambassador or Charge is authorized to initiate negotiations for a Peace Corps program agreement based upon the text of the note below and to sign and deliver the note if no changes are made therein in the course of negotiations. The Director of the Peace Corps is also authorized to sign the note. In accordance with Department Circular 175 any changes proposed as a result of the negotiations must be cleared by the Department and the Peace Corps.

The text below is a standard text prepared for use on a worldwide basis. It is similar to agreements already signed with other countries, including Malaya, Thailand, and the Philippines in the Far East area and Somalia, Tunisia, Sierra Leone, Ecuador, Peru and Honduras in other areas.

The purpose of this message is to enable the Embassy to take advantage of the presence of the Director of the Peace Corps, should he be invited to visit Indonesia, to negotiate and sign a Peace Corps program agreement with Indonesia should the Indonesians in the course of the Director's visit request Peace Corps volunteers. Message is being sent only to cover the possibilities that the Director will visit Indonesia and that the GOI will request PCV's.

The following observations on points which experience suggests may arise in the course of negotiations may be helpful to the Embassy.

1. Diplomatic privileges and immunities are not requested for Peace Corps Volunteers, the Representative, staff or other personnel. Except

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Drafted by: PC:GC W. Stephenson/cf 8/16/62

Clearances: PC:PDO/FE:JLSt. Lawrence State: L/E: KEMaliborg L/T: SNilson

OD(Actg): WWWiggins

State: FE: W. Averell Harriman

SPA: RSLindquist

FE: RIKinney

DUAKARTA A-23 611.984/8-2362

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Authority NND 949570
By CD NARA Date 8/4/00

A-23 to Djakarta,

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- 2 -

for the Representative, by and large they will not carry out functions akin to diplomatic functions. The Volunteers will live and work closely with host country nationals in similar occupations and will generally serve within the framework of host country public or private institutions and under the supervision of officials of those institutions. A request that they be accorded diplomatic privileges and immunities seems inconsistent with the concept of the Peace Corps and does not seem warranted by Peace Corps activities.

2. Under the note the Government of the Republic of Indonesia would grant certain tax and customs exemptions to the Volunteers, Representative, staff and other personnel and their personal property and to equipment and supplies introduced into or acquired in Indonesia for the Peace Corps program. The Government of the Republic of Indonesia should clearly understand, if questions are raised, that from the United States point of view the purpose of these provisions is to maximize the amounts of United States funds available for the Peace Corps program and to minimize delay and red tape in connection with the importation of even the limited quantities of supplies and equipment which might be imported in connection with the Peace Corps program. Moreover, it is not a purpose of the Peace Corps to contribute, directly or indirectly, free dollars to host country foreign exchange reserves, and Congress would disapprove of the use of appropriated funds to pay recipient country taxes, customs duties and so forth.

3. References in paragraphs 3, 4 and 5 of the text of the note to "other personnel" or to contractors financed by the United States are intended to cover United States private voluntary agencies or universities under contract with the Peace Corps for the administration of Peace Corps programs and their personnel. Although any initial Peace Corps project in Indonesia probably will be directly administered by the Peace Corps, project administration by United States private agencies or universities is an important aspect of the Peace Corps program. Should the Indonesia program grow in size, it may well prove appropriate to contract with United States private agencies or universities for the administration of new projects.

4. Paragraph 5 which deals with currency controls and rates of exchange is a standard paragraph. The Department and Peace Corps are fully aware of the sensitive nature of this subject in the case of Indonesia. If in the judgment of the Ambassador, modifications in the paragraph are desirable, the Ambassador is authorized to make them as a negotiating proposal. If possible such modifications should be cleared by the Department and the Peace Corps in advance. If the Ambassador's judgment is that the subject is best not raised in this note at all, then the Ambassador is authorized to drop paragraph 5 from the text of the negotiating proposal and renumber 6 accordingly. With regard to the subject, however, the Embassy should keep in mind that a substantial proportion of Peace Corps costs are payable in

local

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A-23 to Djakarta

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- 3 -

local currencies and the Peace Corps is moreover under a statutory injunction to make whenever possible maximum use of foreign currencies available to the United States. The Embassy should, therefore, consider the feasibility of arrangements to assure that the Peace Corps may obtain rupiahs at rates which realistically reflect the purchasing power of the rupiah. Any such arrangements must, however, be completely consistent with the Peace Corps' non-cold war, non-clandestine character.

Upon exchange of the notes, the original host country note and a certified copy of the United States note should be sent to the Department in accordance with 11 FAM 326. The Government of the Republic of Indonesia should understand that the notes will be published.

QUOTE

Excellency:

I have the honor to refer to recent conversations between representatives of our two Governments and to propose the following understandings with respect to the men and women of the United States of America who volunteer to serve in the Peace Corps and who, at the request of your Government, would live and work for periods of time in Indonesia.

1. The Government of the United States will furnish such Peace Corps Volunteers as may be requested by the Government of the Republic of Indonesia and approved by the Government of the United States to perform mutually agreed tasks in Indonesia. The Volunteers will work under the immediate supervision of governmental or private organizations in Indonesia designated by our two Governments. The Government of the United States will provide training to enable the Volunteers to perform more effectively their agreed tasks.

2. The Government of the Republic of Indonesia will accord equitable treatment to the Volunteers and their property; afford them full aid and protection, including treatment no less favorable than that accorded generally to nationals of the United States residing in Indonesia; and fully inform, consult, and cooperate with representatives of the Government of the United States with respect to all matters concerning them. The Government of the Republic of Indonesia will exempt the Volunteers from all taxes on payments which they receive to defray their living costs and on income from sources outside Indonesia, from all customs duties or other charges on their personal property introduced into Indonesia for their own use at or about the time of their arrival, and from all other taxes or other charges (including immigration fees) except license fees and taxes or other charges included in the prices of equipment, supplies and services.

3. The

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By GP NARA Date 8/4/00

A-23 to Djakarta

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- 4 -

3. The Government of the United States will provide the Volunteers with such limited amounts of equipment and supplies as our two Governments may agree should be provided by it to enable the Volunteers to perform their tasks effectively. The Government of the Republic of Indonesia will exempt from all taxes, customs duties and other charges, all equipment and supplies introduced into or acquired in Indonesia by the Government of the United States, or any contractor financed by it, for use hereunder.

4. To enable the Government of the United States to discharge its responsibilities under this agreement, the Government of the Republic of Indonesia will receive a representative of the Peace Corps and such staff of the representative and such personnel of United States private organizations performing functions hereunder under contract with the Government of the United States as are acceptable to the Government of the Republic of Indonesia. The Government of the Republic of Indonesia will exempt such persons from all taxes on income derived from their Peace Corps work or sources outside Indonesia, and from all other taxes or other charges (including immigration fees) except license fees and taxes or other charges included in the prices of equipment, supplies and services. The Government of the Republic of Indonesia will accord the Peace Corps Representative and his staff the same treatment with respect to the payment of customs duties or other charges on personal property introduced into Indonesia for their own use as is accorded personnel of comparable rank or grade of the Embassy of the United States. The Government of the Republic of Indonesia will accord personnel of United States private organizations under contract with the Government of the United States the same treatment with respect to the payment of customs duties or other charges on personal property introduced into Indonesia for their own use as is accorded Volunteers hereunder.

5. The Government of the Republic of Indonesia will exempt from investment and deposit requirements and currency controls all funds introduced into Indonesia for use hereunder by the Government of the United States or contractors financed by it. Such funds shall be convertible into currency of Indonesia at the highest rate which is not unlawful in Indonesia.

6. Appropriate representatives of our two Governments may make from time to time such arrangements with respect to Peace Corps Volunteers and Peace Corps programs in Indonesia as appear necessary or desirable for the purpose of implementing this agreement. The undertakings of each Government herein are subject to the availability of funds and to the applicable laws of that Government.

I have the further honor to propose that, if these understandings are acceptable to your Government, this note and your Government's reply note concurring therein shall constitute an agreement between our two Governments which shall enter into force on the date of your Government's note and shall remain in force until ninety days after the date of written notification

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from

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Authority NND 949570
By GP NARA Date 8/4/00

A-23 to Djakarta,

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- 5 -

from either Government to the other of intention to terminate it.

Accept, Excellency, the renewed assurances of my highest consideration.

UNQUOTE

HUSK

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Authority NND 949570
By CP NARA Date 8/4/00

16
OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

~~CONFIDENTIAL~~
Classification

16941

AUG 29 2 20 PM '62

Origin

Info:

ACTION: Amembassy DJAKARTA PRIORITY **PECTO 3**
RPT: SINGAPORE PECTO **52**
REF: ~~Kuala Lumpur~~ EMBTEL 119, Aug. 23 rptd Djakarta 7

Authority negotiate and sign standard PC ~~MM~~ agreement sent
as Airgram No. A - 23 dated August 23.

END

RUSK

Submitted by RMR

Drafted by: PC:PDO/FE

J. L. ST. LAWRENCE:lp:8/27/62

Clearances:

~~REPRODUCTION~~

PC:GC:WJosephson (in draft)

PC:PDO/FE:MBean (in draft)

Telegraphic transmission and

classification approved by: J. L. St. Lawrence:PC:PDO/FE

~~CONFIDENTIAL~~
Classification

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FORM
8-61 DS-322

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Authority NND 949570
By CD NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

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PERMANENT RECORD COPY

37-M

Action

PC

Info

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TRSY

RMR

CONFIDENTIAL

Control: 4398

Rec'd: SEPTEMBER 7, 1962
8:24 AM

FROM: DJAKARTA

TO: Secretary of State

NO: 458, SEPTEMBER 7, 4 PM

PRIORITY

RE A-23 EMBASSY HAS SUBMITTED TO FONDEP FOR STUDY NOTE AS DRAFTED BY DEPT EXCEPT THAT NUMBERED PARA 5 WAS OMITTED. ORAL EXPLANATION MADE INFORMALLY THAT NOTHING INCLUDED ON EXCHANGE RATE SINCE US PLANNED FINANCE RUPIAH COSTS OUT OF PL-480, OTHER RUPIAH ALREADY AVAILABLE TO IT.

EMBASSY CONCLUDED THAT EFFORT TO HAVE EXCHANGE CLAUSE INSERTED WOULD RAISE HOST OF RELATED ISSUES, GIVE GOI IDEAS IT DOES NOT NOW HAVE ABOUT POSSIBLE FOREIGN EXCHANGE REVENUES FROM PROJECT. ONE QUESTION IT WOULD RAISE WOULD BE RELATION BETWEEN RUPIAH PAYMENT TO CORPS AND US DOLLAR BASE FROM WHICH DERIVED.

IT ASSUMED HERE THERE WOULD BE NO CHANGE IN PRESENT POLICY PROHIBITING DOLLAR PURCHASE OF RUPIAH SO LONG AS AMOUNTS FOR US USES ALREADY ADEQUATE. REF AIRGRAM ASKS EMBASSY CONSIDER FEASIBILITY APPROPRIATE ARRANGEMENTS FOR PEACE CORPS OBTAIN RUPIAH AT REALISTIC RATES. CHARGE, PC DIRECTOR HAVE DISCUSSED THIS AND FULLY RECOGNIZE THAT SOME ARRANGEMENT MUST BE DEvised OR PC BUDGET HERE LIKELY FAR EXCEED REASONABLE BOUNDS. PRESENT 45 TO 1 RATE CHARGED US AGENCIES BY TREASURY HAS PUT COST OF ALL GOODS AND SERVICES HERE OUT OF SIGHT. IF PC MEMBERS ARE TO RECEIVE RUPIAH PAY THROUGH SAME SYSTEM, APPARENT COST OF PROGRAM WOULD BE VERY LARGE.

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• This copy must be returned to RM/R control files with notation of action taken.

ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER		DATE OF ACTION	DIRECTIONS TO RM/R
OFFICE SYMBOL			

DJAKARTA 458

611.984/9-762

XR 898.131

SEP 8 1962

FILE-DC/T

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DECLASSIFIED

Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL

-2-458, SEPTEMBER 7, 4PM, FROM DJAKARTA

EVEN THOUGH ACTUAL DIRECT COST TO TAXPAYER WOULD BE VIRTUALLY NIL.

EMBASSY CAN, OF COURSE, MAKE ANY MECHANICAL ARRANGEMENTS DESIRED, BUT AT PRESENT HAS NO AUTHORITY TO PROVIDE US-OWNED RUPIAH FOR OFFICIAL EXPENDITURES AT OTHER THAN 45 TO 1 RATE.

PC DIRECTOR, CHARGE, CONSIDER ONE SOLUTION WOULD BE TO EXECUTE DOLLAR TREASURY CHECKS TO COVER PAY OF PEACE CORPS MEMBERS. LOCAL PC DIRECTOR COULD BE GIVEN POWER OF ATTORNEY TO CASH THESE FOR INDIVIDUALS AT ACCOMMODATION RATE, THEN FORWARD RUPIAH PROCEEDS. IT IS RECOGNIZED THAT THIS WOULD CREATE SOME DIFFICULT ADMINISTRATIVE PROBLEMS. IN ORDER TO KEEP RUPIAH PAY OF VOLUNTEERS AT SAME LEVEL AS COUNTERPARTS, DOLLAR AMOUNT OF CHECKS WOULD HAVE TO BE VARIED EACH PAY PERIOD AS EXCHANGE RATE FLUCTUATED.

EMBASSY WILL DISCUSS FURTHER WITH ST. LAWRENCE/BEAN; MEANWHILE URGES DEPT GIVE THIS PRIORITY CONSIDERATION AS IT IS PROBLEM WHICH MUST BE RESOLVED BEFORE VOLUNTEERS COME HERE.

WE HAVE PROPOSED TO GOI THAT FONMIN, PC DIRECTOR SIGN AGREEMENT SEPT 10 BEFORE DEPARTURE SHRIVER. HOPE RECEIVE INDICATION THEIR REACTION BY TOMORROW.

HENDERSON

MCA

NOTE: PC notified 9/7/62 - CWO-M.

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By GP NARA Date 8/4/00

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Control: 6148
Rec'd: SEPTEMBER 10, 1962
8:18 AMFC
Info

FROM: DJAKARTA

SS

TO: Secretary of State

G

NO: 475, SEPTEMBER 10, 4 PM

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RMR

PRIORITY

DURING FAREWELL CALL ON FONMIN SUBANDRIO BY PEACE CORPS DIRECTOR SHRIVER, SUBANDRIO TOLD LATTER HIS VISIT TO INDO HAD WON PRES SUKARNO OVER TO IDEA OF PEACE CORPS IN INDO.

"YOU ACHIEVED IN TWO HOURS," SUBANDRIO SAID, "WHAT DJUANDA (FIRST MIN) AND I COULD NOT DO IN TEN DAYS. AFTER FIVE WORDS THE PRESIDENT WAS CONVINCED OF YOUR SINCERITY".

SUBANDRIO SAID HE COULD NOT AS YET SIGN FORMAL AGREEMENT ALTHOUGH HE WOULD HAVE LIKED VERY MUCH TO DO SO BEFORE SHRIVER'S DEPARTURE. "WE NEED A FEW MORE DAYS," SUBANDRIO SAID. AT SAME TIME HE AGREED SHRIVER COULD ADD TO ALREADY AGREED PRESS STATEMENT (CARRIED IN USIS MESSAGE 10/0330Z) THAT HE IS CONFIDENT THERE WOULD BE PEACE CORPS IN INDO.

FONMIN TOLD SHRIVER THAT PRES SUKARNO HAD BEEN OPPOSED TO PEACE CORPS COMING TO INDO, WAS WILLING TO RECEIVE SHRIVER ONLY AFTER CONSIDERABLE PERSUASION BY SABANDRIO. NOW, HOWEVER, PRES WAS CONVINCED. NEVERTHELESS, MANY PEOPLE WERE SUSPICIOUS THAT PEACE CORPS WOULD SUBVERT INDO, JUST AS US WAS SUSPICIOUS OF COMMUNISM. IT WOULD TAKE A LITTLE TIME TO PREPARE WAY POLITICALLY.

SHRIVER TOLD FONMIN THAT IF AGREEMENT WERE SIGNED BY OCT, GOI WOULD BE WELCOME TO SEND DELEGATION TO PEACE CORPS MEETING IN PUERTO RICO. IF AGREEMENT NOT YET FORMALIZED, OBSERVER WOULD BE INVITED. SUBANDRIO REPLIED

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OFFICE SYMBOL			

DJAKARTA 105

110.4-PC/9-10002

XR 893.00-PC
611.984

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Authority NND 949570
By GPO NARA Date 8/4/00

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CONFIDENTIAL

Control:

8246

Rec'd:

SEPTEMBER 12, 1962
7:20 AM

FROM: DJAKARTA

TO: Secretary of State

NO: TOPEC 19, SEPTEMBER 12, 5PM

PRIORITY

WIGGIN FROM ST. LAWRENCE

REFERENCE : EMBTEL 458

1. HAVE REVIEWED PC FUNDING REQUIREMENTS WITH VARIOUS MEMBERS US MISSION. FOLLOWING POSSIBILITIES HAVE BEEN CONSIDERED: A) GOI PAYS ALL LOCAL CURRENCY COSTS FROM OWN BUDGETARY SOURCES; B) USE TITLE 1, 104 (E) US-OWNED LOCAL CURRENCY; C) COUNTERPART GENERATED BY USAID GRANT COMMODITIES PURSUANT USAID/GOI BILATERAL AGREEMENT; D) DIRECT USE APPROPRIATED DOLLARS EXCHANGED FOR US-OWNED RUPIAH, 59 \$1.00; E) USE ACCOMMODATION RATE FACILITIES (PER REFTEL).

2. BASED THIS STUDY HOPE WE MAY FINANCE PC/INDONESIA OPERATIONS FROMS PRESENTLY UNEMCUMBERED BALANCE TITLE 1, US OWNED RUPIAH (SECTION 105, PL 480, NOTWITHSTANDING). THIS METHOD WOULD EFFECT ENORMOUS SAVINGS TO US GOVERNMENT AND PERSONALLY BELIEVE METHOD PREFERABLE TO THAT INDICATED PARA 6 REFTEL.

3. TITLE 1. TITLE 1, 104 (E), GRANTS, ACCORDING PL 480, AVAILABLE COUNTRY DEVELOPMENTAL PURPOSES FOR WHICH PC ACTIVITY SHOULD QUALIFY. SHOULD USE THESE FUNDS MEET WASHINGTON APPROVAL, AVAILABILITY COULD, BASED ON ATD/W PROGRAM APPROVAL, BE MADE THROUGH USAID PROAG FOR PC PROJECT THROUGH WHICH USAID WOULD RELEASE SUFFICIENT RUPIAH QUARTERLY BASIS TO GOI COVER PC OPERATING EXPENSES, RENTAL, LOCAL PROCUREMENT, ETC., AND PAYMENT PC ALLOWANCES. UNDER THIS SYSTEM PC REPRESENTATIVES COULD DRAW FUNDS DIRECTLY FROM MINE IN, OR

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DJAKARTA TOPEC 19

611.984/9-1262

XR-898.131

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Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL

-2-TOPEC 19, SEPTEMBER 12, 5PM, FROM DJAKARTA

GOI COULD AUTHORIZE RELEASE FUNDS TO PC BANK OF INDONESIA ACCOUNT.

4. USAID REPORTS PRESENT UNENCUMBERED BALANCES 104 (E), (71 FT 580), NOW ABOUT RP. 380 MILLION PLUS RP. 150 MILLION POTENTIAL GENERATION.

5. POTENTIAL USES FOR TOTAL RP. 530 MILLION:

A) RP. 530 MILLION OF RP. 1.1 BILLION REQUESTED FOR FY 63 FOR CONSTRUCTION OF GOI ARMY BARRACKS AND WAREHOUSES. TOTAL BARRACKS AND WAREHOUSE COST RP. 3.5 BILLION OVER 3-YEAR PERIOD. PROJECT NOT YET APPROVED AID/W OR GOI. 194(E) AND/OR (G) WOULD HAVE TO BE TRANSFERRED TO 194 (C) FOR THIS PURPOSE.

B) RP. 530 MILLION CIVIC ACTION PROJECTS, ROAD BUILDING, SCHOOLS, ETC., WILL BE INVESTIGATED BY CIVIC ACTION SURVEY TEAM.

C) RP. 100 MILLION PEACE CORPS.

D) OR COMBINATION OF ABOVE PROPOSALS.

6. RELATIVELY SMALL FIRST YEAR ESTIMATED DRAW DOWN APPROXIMATELY RP. 25 MILLION (ASSUMING 200 PCV'S) WOULD NOT SERIOUSLY JEOPARDIZE ANY PLANNED US PROGRAMS. REQUEST RP. 100 MILLION OF PRESENTLY AVAILABLE GRANT AIDS BE EARMARKED FOR PC PURPOSES.

7. REQUEST PC EXPLORE THIS SUGGESTION AND ADVISE PRIORITY FEASIBILITY IF OKAY REQUEST AUTHORITY DISCUSS THIS WITH GOI. IF RECEIVE YOUR APPROVAL AND SUBSEQUENTLY THAT GOI, WILL DISCUSS MODUS OPERANDI WITH USAID AND LATER SUGGEST LANGUAGE TO PC/W FOR INCLUSION (PER PARA 6, DEPT. AIRGRAM A-23, DATED AUGUST 23), AGREEMENTS COVERING FINANCIAL ASPECTS OF PROGRAM.

8. THIS MESSAGE CLEARED USAID AND EMBASSY.
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Authority NND 949570
By CP NARA Date 8/4/00

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-3-TOPEC 19, SEPTEMBER 12, 5PM, FROM DJAKARTA

9. REQUEST REPLY SOONEST.

HENDERSON

MCA

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By CP NARA Date 8/4/00

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Classification

07944

SEP 15 7 03 PM '62

Origin

3
ACTION: Amembassy DJAKARTA PECTO **22**

Info:

TOPEC 19

PRIORITY

JOINT STATE/AID/BOB/PC MESSAGE

Instituting ~~action~~ action make available 100 million Section 104 (e)
rupiahs for Peace Corps local expenditures. You authorized discuss GOI

END

RUSK

DJAKARTA PECTO 22 611.984/9-1262

Drafted by: PC:PDO/FE A.Reverle/ab/9/14/62

Telegraphic transmission and
classification approved by:

PC:PDO Warren W. Wiggins

BOB/ Hamilton/Claxton (in substance) **A**
AID:FE/BI D.S.Burgess (in substance) **A**
AID:PCGS B:Harvey (in substance) **A**
AID:FE/DP Wm.A.Ellis (in substance) **A**

STATE:SPA E.C.Ingraham (in substance) **A**
PC:GC W.Joseph (in substance) **A**

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Control: 9456
Rec'd: SEPTEMBER 13, 1962
8:59 AM

EC
Info

FROM: DJAKARTA

SS
FE
AID
RMR

TO: Secretary of State

NO: TOPEC 20, SEPTEMBER 13, 4 PM

FROM ST. LAWRENCE

IN DISCUSSION WITH CHIEF OF AMERICAN DIRECTORATE IN DEPT, OF FOREIGN AFFAIRS DR. HELMI INDICATED SUBANDRIO VERY MUCH OCCUPIED DEPARTING FOR UNGA SEPT. 17. INDICATED SUBANDRIO WOULD LIKE MORE TIME TO STUDY PC AGREEMENT AND WOULD PERHAPS TAKE NO ACTION UNTIL RETURN FROM NY.

APPEARS DR. HELMI, WHO DESIGNATED PC CONTACT, ALTHOUGH HELPFUL, EVIDENTLY GIVEN NO INSTRUCTIONS RE PC. SUGGESTED THAT PC HAVE PRIMARY LIAISON WITH MIN OF EDUCATION. THIS LIAISON NOT ADVANTAGEOUS PC. ST. LAWRENCE MENTIONED THAT DR. SUBANDRIO WISHED PC COORDINATED IN HIS OFFICE. HELMI AGREED THIS MUCH BETTER PLAN AND WOULD TALK TO SUBANDRIO ASAP.

HELMI COUNCILED PATIENCE BUT AT THIS STAGE DO NOT BELIEVE STATEMENT SOFTENER FOR GO SLOW POLICY, BUT RATHER ALLOW TIME HELMI GET BRIEFED PRIOR FURTHER DISCUSSIONS.

HENDERSON

BAP

DJAKARTA TOPEC 20 611.984/9-1362

SEP 24 1962

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35-W
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Control: 11001
Rec'd: SEPTEMBER 14, 1962
2:22 PMPC
Info

FROM: DJAKARTA

SS
L

TO: Secretary of State

FE
E

NO: 522, SEPTEMBER 14, 4 PM

IGA

AID

PRIORITY

TRSY

RMR

REF TOPEC 19

EMBASSY RECOGNIZES INHERENT SIMPLICITY OF SOLUTION PROPOSED
IN REFTEL BUT HAS SERIOUS RESERVATIONS ON POLITICAL GROUNDS.

TITLE I, 104 (E) RUPIAH ARE "US - OWNED" ONLY IN STRICTEST
TECHNICAL SENSE. THEY HAVE IN FACT BEEN PLEDGED UNDER PL 480
AGREEMENT AS GRANT FOR PROJECTS TO BE MUTUALLY AGREED TO
FROM TIME TO TIME. THUS IN REALITY INDOS ARE ENTITLED
TO THESE RUPIAH FOR ANY PURPOSE NOT OBJECTED TO BY US.
DIRECTOR OF PEACE CORPS IS ON RECORD HERE THAT ALL EXPENSES
WILL BE BORNE BY US. IF WE NOW PROPOSE THAT THESE BE PAID
FROM MONEY WHICH GOI ALREADY HAS IN HAND, EVEN THOUGH WE
HAVE TECHNICAL TITLE TO IT, THERE MAY WELL BE ADVERSE
REACTION. CHARGE DISCUSSED THIS WITH SHRIVER.

EMBASSY HAS NO OBJECTION TO SOUNDING OUT INDOS ON THEIR
ATTITUDE TO DETERMINE WHETHER THEY WOULD PREFER FINANCE
PEACE CORPS WITH THESE FUNDS. EMB ALSO HAS NO OBJECTION TO
RESERVING 100,000,000 RUPIAH FOR THIS PURPOSE IF GOI AGREES.
WE SHOULD, HOWEVER, BE PREPARED RETREAT RAPIDLY IF GOI MAKES
OBVIOUS POINT THAT WE ARE ASKING THEM TO PUT UP RUPIAH
FINANCING FOR PEACE CORPS.

FOR OUR FIRST MOVE AFTER SHRIVER'S DEPARTURE TO BE REQUEST
FOR USE OF FUNDS INDOS REGARD AS OWN DOES NOT SEEM USEFUL
WAY TO PROCEED.

HENDERSON

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08182

Sep 17 4 41 PM '62

Approved for Release by

DJAKARTA PECTO 23

898.00-PC/3-1762

XR 611.984

Origin

ACTION: Amembassy DJAKARTA PECTO 23

Info

Request summary GOI discussions and analysis status PC program development. Also request status report weekly basis hereafter.

end

RUSA

Microfilm by RMR

Dated by:

PC:PDO/FE:MCSnuffer:wcs:9/17/62

Telegraphic transmission and classification approved by:

PC:PDO/FEN.L.St.Lawrence
Regional Director, FE

Classified by:

PC:PDOFWWiggins

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Action

Control: 14433

PC

Rec'd: SEPTEMBER 19, 1962

7:34 AM

Info

FROM: DJAKARTA

FE

TO: Secretary of State

AID

RMR

NO: TOPEC 22, SEPTEMBER 19, 4PM

PRIORITY

REFERENCE: PECTO 23

SHRIVER/WIGGINS FROM ST. LAWRENCE

1. AS YOU AWARE FROM EMBASSY COMMUNICATION SUBANDRIO STATED THAT HE WISHED SEE ST. L/BEAN PERSONALLY AS SOON AS HE RETURNED FROM NY AND INFORMED CHARGE SPECIFICALLY THAT HE DID NOT WISH ANY DISCUSSION OTHER MINISTRIES UNTIL HE HAD OPPORTUNITY TALK FURTHER WITH US. RESULTING LIMBO STATUS BROKEN THIS AM WHEN AT FONOFF REQUEST HAD TWO HOURS PLEASANT AND FRANK DISCUSSION WITH MUNAWIR, CHIEF AMERICAN DIRECTORATE AND HIS DEPUTY, HOWEVER INDICATED EARLY IN CONVERSATIONS (AS DID HELMI), THAT ACTION MUST AWAIT SUBANDRIO'S RETURN AND RECOMMENDED PATIENCE.

2. BELIEVE MUNAWIR REQUESTED MEETING IN ORDER PREPARE BRIEFING PRIOR SUBANDRIO'S RETURN. MUNAWIR ALREADY HAD GENERAL BACKGROUND ON PC AND SOUGHT INFO ON MANNER IN WHICH PC WOULD OPERATE IN INDONESIA. MUNAWIR STRESSED INDONESIA'S ROLE AS A NEUTRAL AND INDEPENDENT COUNTRY. WAS INTERESTED IN "NEUTRAL" COUNTRIES ALREADY HAVING PC PROJECTS.

3. MUNAWIR STRESSED GOI NEEDED MORE TIME STUDY PC UMBRELLA AGREEMENT AND PROPOSALS. BRIEFLY DISCUSSING THIS POINT STATED HE ASSUMED MORE DETAILED AGREEMENT FORTHCOMING IN KEEPING PARA 6 OF UMBRELLA. HE REITERATED FONMIN'S PERSONAL INTEREST IN PC AND EXPRESSED HIS OWN OPINION THAT THERE WOULD BE NO QUESTION PC ACCEPTANCE INDONESIA NOW

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Control: 5636
Rec'd: OCTOBER 8, 1962
3:50 A.M.

FROM: DJAKARTA

TO: Secretary of State

NO: TOPEC 27, OCTOBER 8, 3 P.M.

REFERENCE: PECTO 22

FROM ST. LAWRENCE

1. IN MEETING WITH SOEMARDI, ACTG. CHIEF FOREIGN AID COORDINATING
DIV. FINEC, (GOI FINANCIAL AND ECONOMIC BUREAU), INTERPOSED
NO OBJECTION USE 104(E) FUNDS AND SUGGESTED DRAFTING PROAG
AS BASIS OF DISCUSSION FROM WHICH TO NEGOTIATE. USAID CONTROLLER
PARTICIPATED DISCUSSION AND WILL ASSIST ON PROAG. HOPE BRING
DRAFT HOME FOR PERUSAL GC/PROGRAM PRIOR SIGNATURE, (AFTER
CONCLUSION UMBRELLA.)

2. ALTHOUGH I AM AWARE POINTS FOR INCLUSION STILL WELCOME
YOUR SUGGESTIONS OR REMINDERS.

HENDERSON

CT

DJAKARTA TOPEC 27

611.984/10-862

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00342

JAN 2 7 32 PM '63

Origin

ACTION: **AmEmbassy DJAKARTA PECTO** 54

Info:

FOR REVELLE

Please advise your best estimate signature program note.

END

RUSK

DJAKARTA PECTO 54

66117984/1-263

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Drafted by:

FC:FEQ/FE:JL:1/2/63

Telegraphic transmission and

classification approved by:

FC:FEQ/FE:JL:1/2/63, Regional Dir., FE

Clearances:

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Action

Control: 3531
Rec'd: JANUARY 7, 1963
8:37 PM

PC

Info

FROM: DJAKARTA

FE

TO: Secretary of State

IGA

NO: TOPEC 51, JANUARY 8, 8 AM

RMR

FOR SHRIVER FROM AMBASSADOR

PECTO 54. 611.984

REVELLE AND I HAVE DISCUSSED DELAY INDO SIGNATURE PROGRAM NOTE. MY PERSONAL OPINION THAT SIGNING HAS BEEN DELAYED BECAUSE OF FONMIN'S UNUSUALLY BUSY SCHEDULE.

IN PAST, HOWEVER, DELAYS OF THIS KIND EVEN ON MATTERS OF SPECIAL IMPORTANCE TO GOI NOT UNUSUAL. AT PRESENT JUNCTURE WITH PROPOSED PC PROGRAM SPECIAL TARGET FOR PKI AND WHEN POLITICAL MANEUVERING ON POSSIBLE CABINET RESHUFFLE MAY BE CAUSING SOME NERVOUSNESS IN SOME PARTS OF GOVT, OUR TASK BECOMES MORE DIFFICULT REQUIRING PATIENCE AND STAYING POWER ON OUR PART.

I WILL RAISE THIS SUBJECT WITH FONMIN AT FIRST OPPORTUNITY AFTER HIS RETURN FROM PEKING.

IS PERMANENT PC REPRESENTATIVE INDO LIKELY ARRIVE ANY TIME SOON?

JONES

WJH/22

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611.984/1-863

TO 5 10 21 11 13

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Classification

07062

JAN 16 8 27 PM '63

Origin

ACTION: AmEmbassy DJAKARTA PECTO 60

Info

REF: TOPEC 51 611.984/1-863

FOR AMBASSADOR AND REVELLE

Fully appreciate circumstances contributing delay signing Program Note outlined reftel. However, limbo status creates questionable confidence host governments intention official support causing considerable concern putting some thirty candidates into training mid-February. Realize you appreciate our position; we seeking approval 547 thousand dollars and concurrence use 50 million rupiah PL 480 Section 104E money on program for which we have no NOTE.

Early arrival permanent PC Representative unlikely however confirm Revelle proceed Bangkok upon formalization Note.

END

RUSK

DJAKARTA PECTO 60

611.984/1-863
XR 898.00-PC

2

Classified by 100

Drafted by:

FC:PDO/FE:JMS:1/11/63

Telegraphic transmission and

classification approved by:

FC:PDO/FE:JMS:1/11/63

Clearances:

FC:PDO: Warren W. Manning

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Control: 17434
Rec'd: JANUARY 28, 1963
5:10 AM

PC
Info

FROM: DJAKARTA

RMR

TO: Secretary of State

NO: TOPEC 58, JANUARY 28, 3 PM

PRIORITY

ACTION DEPARTMENT TOPEC 58, INFORMATION PANAMA CITY PRIORITY 1, SINGAPORE 240.

SINGAPORE FOR REVELLE

PANAMA FOR SHRIVER

TOPEC 1 FROM PANAMA

IN RESPONSE MY INQUIRY AS TO WHEN WE MIGHT BE ABLE TO SIGN PEACE CORPS AGREEMENT, FONMIN SUBANDRIO INFORMED ME JAN 25 THAT HE WAS READY TO GO AHEAD IMMEDIATELY IF WE WERE WILLING TO MAKE SOME ADJUSTMENTS IN DRAFT OF NOTE I HAD PRESENTED FONOFF. MAIN PROBLEM WAS PROVISIONS RELATING TO PRIVILEGES WHICH IN EFFECT GAVE PC PERSONNEL DIPLOMATIC STATUS.

SUBANDRIO RECALLED THAT WE HAD BEEN OVER THIS SAME GROUND IN CONNECTION WITH ESTABLISHMENT MILTAG AND THAT INDO GOVT WAS UNWILLING TO CONFER SPECIAL STATUS ON INDIVIDUALS IN AGREEMENT WHICH WOULD BE MADE PUBLIC ALTHOUGH, AS PRACTICAL MATTER, WAS QUITE WILLING TO PROVIDE PRIVILEGES THROUGH US GOVT CHANNELS. HE POINTED TO MILTAG AS PRECEDENT, EMPHASIZED ARRANGEMENT HAD WORKED SATISFACTORILY FROM BOTH SIDES WITH THE FORMAL AGREEMENT WITH RESPECT PERSONNEL. HE SAID THAT OUR EXCHANGE OF LETTERS INEVITABLY WOULD BECOME PUBLIC AND THAT PRESIDENT SUKARNO WOULD FIND HIMSELF IN DIFFICULT POSITION IF THESE PROVISIONS REMAINED IN AGREEMENT. POTENTIAL OUT PC WAS IN SOMEWHAT DIFFERENT POSITION, THAN MILTAG SINCE MILTAG HAD ACTIVE SUPPORT AND SPONSORSHIP OF MILITARY WHEREAS

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Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL

-2- TOPEC 58, JANUARY 28, 3 PM, FROM DJAKARTA

PC WOULD HAVE NO CORRESPONDING AGENCY IN INDONESIA TO FIGHT ITS BATTLES. I SAID WE WERE HOWEVER PREPARED TO CONSIDER GOI SUGGESTIONS AS TO REVISION OF PROPOSED AGREEMENT.

SUBANDRIO WHO WAS PLANNING TO LEAVE FOR INDIA OVER WEEKEND SAID HE WOULD IMMEDIATELY CONTACT GANIS HARSONO AND ASK HIM PROVIDE REVELLE WITH SUGGESTED GOI REPLY TO OUR NOTE. I IMMEDIATELY INFORMED REVELLE WHO SAW HARSONO FOLLOWING DAY.

JONES

BAP

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Control: 18077

PC

Rec'd: January 28, 1963

11:31 p.m.

Info

FROM: Djakarta

SS

TO: Secretary of State

G

L

NO: TOPEC 60, January 28, 8 p.m.

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ACTION DEPARTMENT TOPEC 60, INFORMATION PANAMA CITY PRIORITY 3

PANAMA FOR SHRIVER

Embassy telegrams TOPEC 58, TOPEC 59; Panama City TOPEC 1 for Ambassador from Shriver.

Head Foreign Affairs Information and Cultural Relations Directorate January 26 provided PCREP Revelle with advance copy draft proposed Indonesian note replying my note No. 208 dated November 13, 1962.

BEGIN VERBATIM TEXT

The Department of Foreign Affairs of the Republic of Indonesia presents its compliments to the Embassy of the United States of America and, with reference to the United State of America Ambassador's note No. 208, dated November 13, 1962, concerning the "Peace Corps", has the honour to convey the following:

The Government of the Republic of Indonesia, mindful of the friendly relations that exist between the Government of the Republic of Indonesia and the Government of the United States of America, has accepted in good faith the services of the US Peace Corps.

It is realized that the US Peace Corps, which came to life in

the context

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NAME OF OFFICER		DATE OF ACTION	DIRECTIONS TO RM/R
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DJAKARTA TOPEC 60

611.984/1-2863

FILED
FEB 13 1963

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Authority NND 949570
By CP NARA Date 8/4/00

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-2- TOPEC 60, January 28, 8 p.m., from Djakarta

the context of the commendable call from the USG for a "new frontier" spirit, is a new phenomenon and, as such, is not yet fully released from its own birth-pangs. The Indonesian Government is happy to assist in this venture by means of accepting a fair number of US Peace Corps members for employment in Indonesia.

It has been found that the Peace Corps can find fertile ground for the first stage of its operations in Indonesia especially in the field of sport, and it is, therefore, advised that, at the moment, concentration should be given to this field. Well aware that no new venture can be started in spectacular fashion, and that there is no warrant to hope for immediate spectacular results, the Indonesian Government believes that the initial period of operations of the US Peace Corps in Indonesia will be best treated as an experiment which, in the course of time, can grow into a wholesome and solid endeavor and flourish to the benefit of all concerned.

It is hardly necessary to stress again that the Government of the Republic of Indonesia is interested to see that youthful Americans come to Indonesia who are imbued with a new spirit of understanding for a member of the new emerging forces, who wish to serve as volunteers because they may well become a new medium that can later on implant more good-will and deeper understanding amongst the American public about developments here.

With regard to the financing of the US Peace Corps, the Government of the Republic of Indonesia has agreed in principle that the US rupiah funds in Indonesia can be used for that purpose. Further, the Government of the Republic of Indonesia has agreed to facilitate the import of the personal effects of members of the US Peace Corps; however, in order to avoid technical difficulties, it is advised that such personal effects should be regarded as US property, and that the Embassy of the

United States

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United States of America in Djakarta should handle their entry in full cooperation with the Protocol Bureau of the Department of Foreign Affairs of the Republic of Indonesia.

The Department of Foreign Affairs of the Republic of Indonesia avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

END VERBATIM TEXT

Understand GOI prepared sign above draft now. Will await Revelle's return Djakarta from Singapore and PC/Washington reactions before taking further action. My comments contained reference Embassy telegram TOPEC 59.

JONES

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Department of State

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Action

Control: 17490
Rec'd: January 28, 1963
7:26 a.m.

PC

FROM: Djakarta

Info

SS

TO: Secretary of State

G

NO: TOPEC 59, January 28, 4 p.m.

H

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PRIORITY

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USIA

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CIA

NSA

RMR

ACTION SINGAPORE NIACT 241 DEPARTMENT PRIORITY TOPEC 59
PANAMA CITY PRIORITY 2

SINGAPORE FOR REVELLE

PANAMA FOR SHRIVER

Reference: Panama TOPEC 1 from Shriver, Singapore 274. to
Djakarta, EMBTEL TOPEC 58.

Following my call on Foreign Minister Sibandrio, January 25
EMBTEL TOPEC 58, Department Foreign Affairs provided Peace
Corps representative Revelle with a draft of proposed reply
to my note number 208, dated November 13, 1962. Verbatim
this draft subject separate telegram.

I find Department Foreign Affairs draft Peace Corps reply
more reassuring and concessional than I expected. Understandably,
this as other communications from GOI, reflects nationalistic
feeling and was drafted so as a public document it would
provide defense for Indo proponents Peace Corps against known
and exceptionally vocal opposition. I am encouraged Indo
Government believes that with successful initial operation
Peace Corps can grow into solid endeavor to benefit all
concerned. I find no objection Indo position respect Peace
financing; inclusion provision for exemption from customs
personal effects Peace Corps members definite gain, for exemption

-from-

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DJAKARTA TOPEC 59 611.984/1-2863

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-2- TOPEC 59, January 28, 4 p.m. from Djakarta

from customs personal effects Peace Corps members definite gain, for example, over arrangements MILTAG which never put into writing.

Note reflects continuing cautious approach Peace Corps which as well known Indos have taken.

Exclusion reference to teachers should not overly concern us if we can make necessary side arrangements for their inclusion.

Agree Panama TOPEC 1 Revelle has done excellent job bringing Indo to position documented in draft note. In my opinion proposed note provides Peace Corps/Embassy encouragement and with well orientated and trained Peace Corps members with understanding nationalistic attitude Indos, believe we can get Peace Corps program off to meaningful start.

Recommend on Revelle's return Djakarta from Singapore note now in draft be accepted with any more favorable modifications we can secure.

JONES

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12301

JAN 28 3 55 PM '63

Origin

Info:

ACTION: Amembassy SAN JOSE PRIORITY PECTO 9

FOR SHRIVER

611.984/1-28-63

Cable Room please repeat Djarkarta TOPEC 59, Jan. 28

Control 17490. *Re: Indo position to*

END *Peace Corps.*

①

See page Pecto 9

611.984/1-28-63

RUSK

Drafted by:

PC:GEarvellas:1/28/63

Telegraphic transmission and

classification approved by:

W. W. Warner
William W. Warner

Clearances:

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JAN 29 5 PM '63

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Origin

ACTION: Amembassy SAN JOSE PRIORITY PECTO 14

Info:

FOR SHRIVER

Cable Room please repeat Djakarta TOPEC 60.

Jan. 28, Control 18077.

611.984/

*proposed peace
corps agreement*

San Jose. Pecto-14

RUSK

611.984/1-2863

Drafted by:

PC:GCarvellas:1/29/63

Telegraphic transmission and

classification approved by: WW
William W. Warner

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12700

JAN 28 9 10 PM '63

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Origin

ACTION: Amembassy SAN JOSE ~~REKOLUX~~ PECTO 12

Info:

~~SECRET~~ - FOR SHRIVER

2 Cable Room please repeat Djakarta TOPEC 58,
January 28, Control 17434 and Singapore TOPEC 49, Jan. 28
Control 17423.

END

*Proposed Peace
Corps Agreement*

RUSK

San Jose 1/28/63

611.984/1-28-63

Drafted by:

PC:GCarvillas:1/28/63

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classification approved by:

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3
OUTGOING TELEGRAM Department of State

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11633

JAN 25 5 50 PM '63

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Origin
Info:

ACTION: AmEmbassy DJAKARTA PECTO 65

REF: TOPEC 58
FOR REVELLE

Location Residence Palace presents some limitations
but believe could be made suitable for staff office,
bachelor accomodations and/or PCV transient quarters.
Request make every effort obtain year lease.

END

— DJAKARTA PECTO 65

611.984/1-2863 —
XR 121.985

RUE

2
Entered by JRM/2

Drafted by:
PC:PDO/FE:JRM/CC:be:mb:1/25/63
Clearance:

Telegraphic transmission and
classification approved by: PC:PDO/FE:JLSt.Lawrence

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14512

JAN 31 7 25 PM '63

Origin
Info:

ACTION: Amembassy DJAKARTA PRIORITY PECTO 67

REF: (a) TOPEC 60; (b) TOPEC 58; (c) TOPEC 59; (d) Dept's A-23
August 23, 1962

FOR AMBASSADOR AND REVELLE

Wish positively included in draft Indonesian note reftel (a) (1) first sentence paragraph 2 note reftel; (2) first sentence paragraph 4 note reftel; and (3) paragraph 6 reftel/with or without last sentence. Believe first should be inserted immediately after second sentence in third paragraph draft which note in ~~Indonesian~~ GOI states acceptance Peace Corps volunteers. Believe second should be inserted as new paragraph immediately after sixth paragraph draft Indonesian note. Believe third should be inserted as new penultimate paragraph draft Indonesian note, but words changed to reflect third person tenor/GOI note.

As am sure you will understand, strongly desire deletion first sentence third paragraph draft Indonesian note. Also desire substitute QTE participate UNQTE for QTE assist UNQTE second sentence third paragraph. Also desire deletion QTE new UNQTE from reference to spirit of understanding fifth paragraph draft Indonesian note.

If these changes made, Department/Peace Corps willing to accept no references in diplomatic level agreement to (1) tax exemptions Peace Corps Volunteers and Peace Corps representative and staff and (2) customs exemptions for personal effects Peace Corps representative and staff or administrative

Drafted by:
PC:GC:WJensen/1/31/63

Telegraphic transmission and
classification approved by: CD(Atg):WJensen

Clearances:
PDO/FE:JLStLawrence

STATE:L/E:KStalburg
STATE:SPA:KIngraham

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FORM DS-322

DJAKARTA PECTO 67 611.984/1-2363

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By GPO NARA Date 8/4/00

Page 2 of telegram to AmEmbassy JAKARTA

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and project equipment and supplies as apparently is intended effect draft Indonesian note. But understand from Revell/St. Lawrence telcon that Indonesia would not object detailing tax exemptions Peace Corps volunteers, representative and staff and customs exemptions personal effects representative and staff or administrative or project equipment and supplies in project or similar implementing agreement. Propose add such provisions xx project agreement now being cleared Department and AID.

If these changes acceptable ~~and~~ and Indonesia formally transmits to Embassy note refel (a) with these changes, Department/Peace Corps prepared formally authorize Embassy acknowledge receipt Indonesian note and indicate United States acceptance thereof.

END

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Department of State

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20464

Rec'd:

JANUARY 31, 1963

12:33 PM

PC

FROM: DJAKARTA

Info

IGA

TO: Secretary of State

RMR

NO: TOPEC 61, JANUARY 31, 5 PM

PRIORITY

FROM REVILLE

FOREIGN OFFICE TODAY AGREED DELETE PHRASE "AND, AS SUCH, IS NOT FULLY RELEASED FROM ITS OWN BIRTH PANGS" IN FIRST SENTENCE, THIRD PARAGRAPH OF DRAFT PC NOTE IN SECOND SENTENCES, THIRD PARAGRAPH "PARTICIPATE" SUBSTITUTED FOR "ASSIST". REVISED NOTE ALSO REQUESTS TWO ENGLISH/LITERATURE TEACHERS WITH MA DEGREES IN ADDITION TO COACHES. UNDERSTAND UNOFFICIALLY THAT TWO TEACHERS WOULD BE USED AS PART OF FACULTY IN NEW TEACHER TRAINING INSTITUTION WHICH PRIJONO SETING UP DESPITE RECENT DETERMINATION THAT ALL TEACHER TRAINING ACTIVITIES TO BE CARRIED OUT UNDER TOJ MINISTER OF HIGHER EDUCATION.

FOREIGN OFFICE EXPERTS HAVE REVISED NOTE READY FOR PRESENTATION BY SATURDAY, FEBRUARY 2.

BAP

1
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FEB 26 1963

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611.984/1-3163

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